



## STATE BOARD OF EQUALIZATION

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Executive Secretary

No. 87/23

March 10, 1987

TO COUNTY ASSESSORS:

REPLACEMENT PROPERTY FOR DISASTER-DAMAGED PROPERTY

Chapter 855 of the Statutes of 1986 (Senate Bill 2535) is an urgency statute which became effective September 17, 1986. This chapter implements Senate Constitutional Amendment 28 which was adopted by the voters in June, 1986 as Proposition 50.

This chapter adds Section 69 to the Revenue and Taxation Code and permits the base-year value of property which is substantially damaged or destroyed by a disaster to be transferred to comparable property which is acquired or newly constructed as a replacement for the substantially damaged or destroyed property. This chapter requires the assessor to establish a base-year value for the comparable replacement property in accordance with prescribed criteria involving the transfer of the adjusted base-year value of the damaged property to the replacement property. If the replacement property's value exceeds 120 percent of the damaged property's full cash value prior to damage, then the amount over 120 percent will be added to the transferred base-year value. The sum of these amounts then becomes the replacement property's replacement base-year value.

This chapter provides that the base-year value of damaged real property may be transferred to a comparable replacement property under the following conditions:

- The property must be damaged by a major misfortune or calamity and located in an area declared to be in a state of disaster by the Governor (this information is available through the Office of Emergency Services (OES) Disaster Assistance Division at (916) 427-4347).
- The damaged property must have sustained physical damages amounting to more than 50 percent of its full cash value immediately prior to the disaster. Damage includes a reduction in value of property as a result of restricted access to the property where the restricted access was caused by the disaster and is permanent in nature.
- The replacement property must be located in the same county as the damaged property.
- The replacement property must be acquired or newly constructed within two years after the disaster.

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As mentioned above, the purchase or new construction of a replacement property under this section is subject to supplemental assessment since there has been a change in ownership or new construction. However, in this situation, the new base-year value for the replacement property is the replacement base-year value as determined in accordance with the guidelines provided in this section.

A copy of the chaptered bill is enclosed for your information. If you need any additional information, please contact our Technical Services Section at (916) 445-4982.

Sincerely,



Verne Walton, Chief  
Assessment Standards Division

VW:wpc  
Enclosure  
AL-05-2672A